

Hearing Date: December 17, 2007
 Time: 9:00 a.m.

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**UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK**

-----X	Case No. 07-CV-7745 (RB)
THE NORTHWESTERN MUTUAL LIFE : INSURANCE COMPANY, : :	(ECF Case)
Appellant, : :	Chapter 11 Case No. 05-17923 (ASH)
v. : :	(Jointly Administered)
-----X	
DELTA AIR LINES, INC. and : THE POST-EFFECTIVE DATE : COMMITTEE OF DELTA : AIR LINES, INC., : Appellees. : -----X	

STATUS REPORT

The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”), appellant, by and through its undersigned counsel, files this status report in connection with the status conference scheduled for December 17, 2007, at 9:00 a.m.

BRIEFING

The appeal and cross-appeal have been fully briefed and are ready for argument. The operative briefs are:

Dkt.	Brief	Filed By
16	Appellant's Opening Brief	Northwestern Mutual
21	Appellee's Response Brief	Bank of America
22	Appellee's Response Brief	Bank of New York
26	Amended Appellees and Cross-Appellants' Response and Opening Brief	Delta Air Lines, Inc. Post-Effective Date Committee
29	Cross-Appellee's Response Brief	Bank of New York
30	Amended Appellant's Reply Brief and Cross-Appellant's Response Brief	Northwestern Mutual
31	Cross-Appellee's Response Brief	Bank of America
32	Cross-Appellants' Reply Brief	Delta Air Lines, Inc. Post-Effective Date Committee
33	Cross-Appellee's Surreply	Northwestern Mutual

SETTLEMENT DISCUSSIONS

Although Northwestern Mutual has offered to engage in settlement discussions with Delta, this invitation has not resulted in any response or settlement offer from Delta to date. Based upon this failure to respond and the public collapse of a proposed settlement of the companion "test" case, TIA/SLV Objection 1, Northwestern Mutual has no reason to believe that Delta is interested in entering into substantive settlement discussions to resolve this dispute.

OTHER MATTERSRequest for oral argument

On November 27, 2007, Northwestern Mutual requested by letter to the Court that one hour of oral argument be permitted in connection with this appeal, because of the complexities of the issues. The letter suggested that the oral argument be scheduled in conjunction with the status conference on December 17, 2007, or at the next earliest convenient date on the Court's calendar. Counsel for the other parties have indicated to Northwestern Mutual that they either support or do not oppose this request.

Request for an early ruling

Faced with nearly \$1 billion in tax indemnity claims arising out of its leveraged aircraft leases, Delta chose to prosecute its TIA/SLV Objection 2 to Northwestern Mutual's \$85 million in tax indemnity claims as one of two initial "test" cases. TIA/SLV Objection 2 is thus a case of first impression, affecting numerous pending objections in the Delta case. It also affects pending objections that were just filed on November 27, 2007 in the chapter 11 case of Northwest Airlines, Inc. (Case No. 05-17930), also pending in the United States Bankruptcy Court for the Southern District of New York. For at least three reasons, an early ruling in this matter is necessary in the service of judicial efficiency:

1. An early decision can provide guidance and avoid potentially conflicting decisions in Northwest Airlines: Northwestern Mutual has filed tax indemnity claims in the Northwest Airlines case, as well as in the Delta case. Its Northwest Airlines claims are now among those subject to the omnibus objection filed by Northwest Airlines, which

cited the decision below as the main precedent. All of the grounds for the objections are essentially the same as those asserted in this case. Northwestern Mutual's response to that objection is due on January 7, 2008. No hearing date has yet been set, but is expected in late January or February. A ruling from this Court in this appeal would provide guidance to Judge Gropper in deciding the Northwest Airlines omnibus objection and would potentially prevent Northwestern Mutual from facing potentially conflicting decisions from this Court and the Northwest Airlines court on this same issues.

2. An early decision can provide guidance and avoid potentially conflicting decisions in the TIA/SLV test case objections pending below in Delta: In November, the bankruptcy court below heard argument with respect to Delta's next two "test" cases, TIA/SLV Objection 3 and 5, both of which involve essentially similar issues and arguments. Those matters are under submission. Numerous other similar Delta objections also remain to be resolved, depending upon the outcome of this appeal and the other pending "test" cases. An early ruling by this Court would obviously be taken into account by the bankruptcy court in its decision.

3. An early decision can provide guidance and avoid potentially conflicting decisions in the pending appeal of TIA/SLV Objection 1: The memorandum of decision at issue here addressed both the objection to Northwestern Mutual's claim and the parallel TIA/SLV Objection 1 to claims of DFO Partners. Due to numerous motions for reconsideration, the final ruling on TIA/SLV Objection 1 was recently issued, and an appeal has been filed. The record has not yet been certified, nor has any briefing occurred. Because the same issues – and Decision – are involved in that appeal, an early

ruling in this appeal would potentially moot that appeal or otherwise avoid unnecessary briefing and court attention to the matter.

Accordingly, Northwestern Mutual submits that an early ruling on this appeal would promote judicial efficiency with regard to the pending objection to its claims in the Northwest Airlines case, the pending TIA/SLV objections before the Delta bankruptcy court, and the pending appeal of TIA/SLV Objection 1. To provide guidance to the bankruptcy courts in both the Delta and Northwest Airlines cases and to avoid conflicting decisions, Northwestern Mutual requests that the Court issue a ruling on this appeal as soon as possible.

Dated: December 13, 2007
New York, New York

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